

Message Text

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53

ACTION AGR-20

INFO OCT-01 EUR-25 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 PA-03

PRS-01 USIA-15 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 L-03 H-03 RSR-01 /180 W

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 1520

UNCLAS OTTAWA 1904

E.O. 11652: N/A

TAGS: EAGR, ECON, ETRD, CA, US

SUBJECT: GOC MOVES TO CONTAIN FOOD PRICES

REF: OTTAWA 1895

1. FOLLOWING EIGHT HOUR CABINET MEETING AUGUST 13 PRIME MINISTER TRUDEAU ANNOUNCED SERIES OF MEASURES DESIGNED CONTAIN SPIRALING FOOD PRICES.

2. EFFECTIVE MIDNIGHT AUGUST 13 OGC INSTITUTING EXPORT CONTROLS ON BEEF AND PORT (DETAILS REPORTED SEPTTEL); GOC ALSO PLANNING FEDERAL-PROVINCIAL CON-FERENCE FOR THIS FALL TO DEVELOP FOOD POLICIES; FOOD PRICE REVIEW BOARD WILL BE STRENGTHENED BY GIVING IT INVESTIGATIVE STAFF AND THOSE LIVING ON OLD AGE PENSIONS WILL RECEIVE QUARTERLY COST-OF-LIVING INCREASES RATHER THAN ANNUAL INCREASES PRESENTLY IN EFFECT.

3. TRUDEAU SAID THREE MAIN THRUSTS OF GOVERNMENT PROGRAM ARE:

- A. TO CONSERVE AND INCREASE FOOD SUPPLIES,
- B. PROTECT CONSUMERS FROM THOSE WHO WOULD TAKE ADVANTAGE OF EXISTING SITUATION AND
- C. MITIGATE THE EFFECT THAT RISING PRICES ARE HAVING

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ON THOSE WITH FIXED INCOMES.

4. INDUSTRY, TRADE AND COMMERCE MINISTER GILLESPIE STATED THAT EXPORT CONTROLS WILL BE INSTITUTED FOR INDEFINITE PERIOD AND WILL APPLY TO LIVE CATTLE AND HOGS AND FRESH, CHILLED AND FROZEN BEEF AND PORK. (TRUDEAU DESCRIBED CONTROLS AS "QUITE TEMPORARY -- IT IS TO MEET A SITUATION IN ANOTHER COUNTRY, NAMELY THE UNITED STATES, WHICH DID TRY TO CONTROL THE PRICE OF FOOD ... AND WHICH CAUSED THIS TEMPORARY SHORTAGE".) GILLESPIE ADDED THAT EXPORT LICENSES WILL BE GRANTED TO PERMIT CONTINUED EXPORTS TO TRADITIONAL CUSTOMERS. GILLESPIE SAID CONTROLS WERE A CONTINGENCY PLAN TO ENSURE THAT US SHORTAGE WOULD NOT OVERFLOW INTO CANADA AND THE CANADIAN MARKET WOULD NOT BE "RAIDED".

5. THE PRIME MINISTER SAID THAT QUESTION OF WAGE AND PRICE CONTROLS HAD BEEN DISCUSSED BUT REJECTED DURING CABINET MEETING BECAUSE SUCH A MOVE COULD BE "NOT ONLY FRUITLESS BUT IT WOULD BE HARMFUL" TO THE ECONOMY.

6. BOTH OPPOSITION LEADER STANFIELD AND NDP LEADER LEWIS CONDEMNED MOVES AS LIKELY TO BE INEFFECTIVE IN CONTROLLING PRICES. PC'S URGED LEWIS TO "REDEEM HIMSELF" IN EYES CANADIAN PEOPLE BY ENDING SUPPORT FOR LIBERAL GOVERNMENT. LEWIS ANNOUNCED NDP WOULD HOLD PARTY CAUCUS NEXT WEEK TO CONSIDER ITS POSITION.
JOHNSON

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